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FISCAL IMPACT STATEMENT

LS 7172

BILL NUMBER: HB 1319

NOTE PREPARED: Feb 21, 2013

BILL AMENDED: Feb 18, 2013

SUBJECT: Health Benefit Exchange Provisions.

FIRST AUTHOR: Rep. Lehman

FIRST SPONSOR: Sen. Patricia Miller

BILL STATUS: As Passed House

FUNDS AFFECTED: X GENERAL
DEDICATED
X FEDERAL

IMPACT: State

Summary of Legislation: (Amended) This bill provides for implementation of the federal Patient Protection and Affordable Care Act (ACA) with respect to a health insurance exchange in Indiana (HIX). The bill specifies requirements for health plans issued through a HIX.

The bill requires a navigator to be certified and an application organization to be registered before providing services with respect to a HIX.

The bill also provides for dissolution of the Indiana Comprehensive Health Insurance Association (ICHIA).

Effective Date: July 1, 2013.

Summary of NET State Impact: (Revised) The bill provides enabling language to allow the Department of Insurance (DOI) to adopt rules and to contract with and share data with a health insurance exchange. These provisions are required as a result of the implementation the ACA.

The dissolution of ICHIA would result in savings of approximately \$10.6 M in FY 2014 and \$48.85 M in FY 2015 if the current appropriation level is considered to be the baseline budget. The bill also provides that any funds remaining in the ICHIA on the date of the final dissolution must be transferred to the General Fund.

The bill also requires the establishment of a course of study, an examination, and certification and registration procedures for persons or application organizations intending to act as navigators or application organizations

with regard to the HIX required under the ACA. This provision is required to be supported by the fees assessed on applicants.

Explanation of State Expenditures: (Revised) The bill consists of the following major provisions:

- (1) Authority of the DOI with regard to the establishment of a health insurance exchange (HIX).
- (2) Registration and certification requirements for HIX navigators and application organizations.
- (3) The dissolution of the Indiana Comprehensive Health Insurance Association (ICHIA).
- (4) Elimination of the 6-month waiting period for the Healthy Indiana Plan for former ICHIA participants.

Oversight of Insurance offered on the HIX: The bill specifies the Department of Insurance would provide oversight of insurance products provided through the HIX. The ACA specifies that all insurance offered on the HIX must meet state insurance requirements as well federal provisions. The bill also allows the DOI to enter into contracts with a HIX for the performance of necessary functions and to share information necessary to implement the HIX. The workload of the DOI will increase with the implementation of the federally facilitated exchange as a requirement of the ACA.

(Revised) *Registration and Certification of Navigators and Application Organizations:* The bill also requires that individuals or application organizations intending to act as navigators in Indiana under the provisions of the ACA must meet state certification and registration requirements for HIX navigators or application organizations. (Federal rules implementing the HIX specify that in order to receive a Navigator grant, individuals or entities must meet any licensing, certification, or other standard prescribed by the state or the HIX, if applicable.)

The DOI, in consultation with the Family and Social Services Administration (FSSA), is required to develop (1) a curriculum for a required course of study and an examination that will be requirements for the certification of navigators and (2) policies and procedures to allow a registered application organization to develop a training program to train navigators who perform services on behalf of the organization. The bill also requires development of continuing education requirements for ongoing certification and for a process for an insurance producer or consultant to qualify to be designated as navigators.

The development of the certification and registration program will impact the workload of the DOI; however, the DOI is required to collect fees sufficient to cover the implementation of the certification and registration program. The DOI will need to promulgate rules to establish the requirements of the navigators or application organizations certifications and registration requirements. Rule-making is considered to be a core activity of agencies and should be able to be accomplished within the current level of resources available.

Dissolution of ICHIA: As a result of the ACA and its elimination of preexisting conditions exclusions, limitation of annual/ lifetime caps, and the inability to reject applicants due to health conditions, the ICHIA program is no longer necessary. There will no longer be a need to operate the high-risk ICHIA program after coverage for insurance sold on the HIX becomes effective January 1, 2014. The bill requires the corporation to submit a plan of dissolution and specifies items that must be included in the plan. The DOI is responsible for approval of the dissolution plan. The termination of the ICHIA program is not a requirement of the ACA - it is no longer necessary because of the ACA.

The dissolution of ICHIA will require ICHIA participants to transition to qualified insurance products sold on

the HIX. (These products are projected to cost less than the coverage offered under ICHIA.) The ICHIA General Fund appropriation for the current biennium is \$97.7 M. The corporation has prepared a plan for termination and transition of participants, which is included in the FY 2014- FY2015 budget request. The ICHIA has requested \$38.25 M for the upcoming biennial budget to pay the remaining projected incurred claims tail, and to discontinue other activities managed by the program. If the current appropriation level is considered to be the baseline budget, the repeal would result in savings of approximately \$10.6 M in FY 2014 and \$48.85 M in FY 2015. The bill also provides that any funds remaining in the ICHIA on the date of the final dissolution must be transferred to the General Fund.

Termination of ICHIA Coverage Effect on Healthy Indiana Plan (HIP): The bill would allow former ICHIA participants who no longer have coverage under ICHIA to be eligible for HIP until December 31, 2013. This provision would allow ICHIA participants meeting the income eligibility and other requirements of the HIP Medicaid waiver to receive coverage. The provision would require a waiver amendment to be submitted to CMS and approved in order to receive the federal matching funds for this population, which is likely to be small.

Explanation of State Revenues: (Revised) The DOI is required to collect from navigator or application organization applicants for certification, registration, and renewal fees sufficient to cover the costs of implementing a prescribed course of study, an examination, and continuing education requirements. [See *Explanation of State Expenditures* above.]

Explanation of Local Expenditures:

Explanation of Local Revenues:

State Agencies Affected: DOI; ICHIA; FSSA.

Local Agencies Affected:

Information Sources: Douglas Stratton, ICHIA Executive Director; Logan Harrison, DOI; Seema Verma, Indiana State Health Care Reform Lead, FSSA; “General Guidance on Federally-Facilitated Exchanges”, Center for Consumer Information and Insurance Oversight, CMS; Federal Register/Vol. 77, No. 59, March 27, 2012, Section 155.210 and Section 155.220.

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